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DLA-90-P90108

Initial Transportation Cost Analysis of the Enhanced Defense Logistics Agency Distribution System (EDDS) Los Angeles Site

OPERATIONS RESEARCH AND ECONOMIC ANALYSIS OFFICE

DEPARTMENT OF DEFENSE

DEFENSE LOGISTICS AGENCY

1990

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CAMERON STATION,

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HEADQUARTERS
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DLA-LO
February 1990

FOREWORD

This report documents the preliminary results of a transportation cost analysis of the Enhanced DLA Distribution System (EDDS). The study compares actual costs incurred for outbound shipments through the Los Angeles EDDS site against the costs of those same shipments had EDDS not been implemented. The study did not consider inbound shipments in that vendor consolidation data does not currently exist to consider such shipments. The analysis examined costs for only the first 6 months (December 1988 to June 1989) of operation at the Los Angeles EDDS site. Based upon the available data of the first 6 months of operation, EDDS has incurred a loss of over $200,000 thus far at the Los Angeles site. However, the study shows that had new, renegotiated shipment rates (as of 1 October 1989) been used, the Los Angeles site would have saved in excess of $35,000, and, further, that increases in shipment consolidation show a potential for real dollar savings.

Christine L. Gallo.
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I. INTRODUCTION. The Defense Logistics Agency's (DLA) Directorate of Supply Operations, Transportation Division (DLA-OT), requested an initial cost benefit analysis of the Enhanced DLA Distribution System (EDDS). This report compares the actual costs of EDDS outbound shipments at the Los Angeles site, and the costs of those same shipments had EDDS not been implemented. This project seeks to evaluate the actual transportation costs or savings incurred as a result of EDDS.

A. Background.

The EDDS concept is made up of two transportation systems, Depot to Customer (Pooling) and Vendor to Depot (Consolidation):

1. Depot to Customer (Pooling). This system will utilize the five commercial and six DLA EDDS sites. The first stage of EDDS was implemented with the establishment of the first two commercial operating EDDS sites in Los Angeles in December 1988 and New York in March 1989. The commercial EDDS sites in Chicago, Dallas and Jacksonville will become operational in 1990. Pool distribution will be completed with the projected start up of the DLA sites in the fall of 1991.

2. Vendor to Depot (Consolidation). This system will also utilize the five commercial and six DLA depot EDDS sites. Vendor consolidation is commencing at several sites including Los Angeles, New York, Chicago, Dallas, Jacksonville, Defense Depot Ogden, Utah, and Defense Depot Tracy, California. Full vendor consolidation is expected by fall 1991.

The EDDS Program is believed to have the potential of generating a DLA-wide savings of $30 million per year. Depot to customer savings were predicted as $16 million and vendor to depot savings as $14 million. These savings are generated from the reduced transportation costs associated with the consolidation of Less-than-Truckload (LTL) shipments into Truckload (TL) shipments. Depot to customer savings at the Los Angeles site alone were predicted to be in excess of $3.1 million. The original study rated shipments using a rating program that used both small parcel and commercial common carrier rates. First leg Guaranteed Traffic Program Rates were used for Truckload. Shipments were held for 3 days at the EDDS Site then shipped. Projected consolidation was based upon date and Destination Cross Reference (DCR) addressing codes.[1]

B. Problem Statement. Examine actual transportation costs or savings incurred as a result of EDDS.

C. Objectives.

o Compare for the Los Angeles EDDS site, during its first six months of operation, the costs of DLA's pre-EDDS method of moving LTL outbound shipments to the costs of the consolidation approach of EDDS.

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1. Myers, C., Enhanced DLA Distribution System (EDDS) "Pooling," DLA-LO Report No. 88-19, June 1988.

o Obtain for the Los Angeles EDDS site an initial estimate of the magnitude of costs or savings for DLA as a result of EDDS.

o Obtain insights or ways to further improve EDDS and increase savings.

o Consider the effects on the Los Angeles EDDS site of decreasing transportation rates, increasing consolidation, and eliminating specific shipments.

D. Scope.

o The study considers depot to customer pooling data, i.e., outbound shipments. The study does not encompass vendor to depot transportation costs or savings.

o The data used for the analysis consists of shipments that are EDDS eligible during the period 20 December 1988 to 20 June 1989. Material Release Order (MRO) records meeting the following criteria were eliminated:

a. Not Mission Capable Supply (NMCS) requisitions.

b. Foreign Military Sales (FMS) requisitions.

c. All non-CONUS requisitions.

d. All Parcel Post shipments.

e. All requisitions with a ship weight over 9,999 pounds.

f. Any point where the aggregate weight of MROs to one DCR in any one day exceeded 10,000 pounds.

o The study considers data from the Los Angeles terminal only. The data do not currently exist for any other terminal at the present time.

o The data for this study were obtained from Freight Information Systems (FINS) files and the EDDS site files containing customer shipments.

o Cost calculations are based only on those shipments having Transportation Control Numbers (TCN) that were received by the EDDS site and delivered to Los Angeles region customers in the time frame indicated. TCNs remain constant throughout the shipment process whereas Government Bill of Lading (GBL) numbers will change. Multiple TCNs will be assigned one GBL from depot to EDDS site and when a shipment is consolidated at the EDDS site for shipment to a customer it receives a different GBL number. TCNs therefore are the key descripter for tracking a shipment from depot to customer.

o The analysis does not consider any potential labor savings or additional costs.

o EDDS cost data for 6 months were taken to be representative of cost incurred by the EDDS concept during one year at the Los Angeles site.

o All shipments included in EDDS site tapes were delivered to customers under GTP rates.

II. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions.

o The dollar loss for outbound shipments at the Los Angeles site for the first 6 months of 1989 is $207,102 as shown in Table 2. The extrapolated annual loss thus is $414,204.

o The dollar loss at the Los Angeles site is counter to the expected savings predicted in the original analysis.[2]

o Had theorized inbound and outbound shipment rates been used during its first 6 months of operation, the Los Angeles site would have broken-even.

o Had renegotiated inbound and outbound shipment rates, effective 1 October 1989, been used during its first 6 months of operation, the Los Angeles site would have saved in excess of $35,000.

o An increase in shipment consolidation shows a potential for real dollar savings at the Los Angeles EDDS site.

B. Recommendations. Based on the results of this study, we recommend every effort be made to: (1) review first and second leg transportation rates quarterly to ensure that they are competitive with direct delivery rates, and (2) increase shipment consolidation.

III. METHODOLOGIES

A. Obtaining the Cost of EDDS shipments.

1. Computation of Transportation Costs from Depots to the Los Angeles EDDS site.

To determine the cost into the EDDS site the FINS file was used. Each depot's traffic was pulled where the Destination Cross Reference addressing code matched shipments to the Los Angeles EDDS site.

The commercial carrier operating the EDDS site prepares a monthly computer tape containing information on all shipments into the site from vendors, as well as information on shipments out of the site to customers. This file was used to identify materiel received by the EDDS site from DLA depots and subsequently delivered to the regional customers. Using the TCN field, records from the FINS file were matched with records from the EDDS site file and

2. See Footnote 1.

written to a separate dataset. Table 1 is a breakdown of Total Weight considered by this study.

TABLE 1

LOS ANGELES EDDS SITE WEIGHT ACCOUNTING SUMMARY

Origin Depot	Depot Wgt Shipped Dec - Jun	Wgt Matched Originally by TCNs	Wgt Matched by GBL only	Wgt for GBLs with TCNs>10000	Wgt for GBLs with IPGs I&II	Wgt for GBLs with blank field	Unaccounted Unmatched IPG III Wgt	Final Analyzed Weight
DDMP	636,449	439,967	113,608	0	343	316	82,531	439,651
DDTC	5,869,668	4,228,667	1,044,208	214,650	128,927	31,554	253,216	4,197,113
DDCO	221,420	139,936	41,923	0	0	0	39,561	139,936
DDMT	946,552	593,378	164,184	21,891	6,672	2,664	160,427	590,714
DDRV	452,130	273,094	67,490	0	7,494	1,860	104,052	271,234
DDOU	2,954,975	1,821,296	717,592	147,240	107,109	21,355	161,738	1,799,941
Totals	11,081,194	7,496,338	2,149,005	383,781	250,545	57,749	801,525	7,438,589

This dataset met the criteria outlined in paragraph I.D., and contained the following fields:

(1) Routing Identifier Code (RIC) "ship from"

(2) Inbound Government Bill of Lading Number (GBLNO)

(3) Outbound Government Bill of Lading Number (GBLNO)

(4) Destination Cross Reference (DCR)

(5) TCN "ship to"

(6) TCN Weight

(7) TCN Cost Inbound

(8) Standard Point Location Code (SPLC)

(9) TCN Cost Outbound

(10) Delivery Zone

(11) Weight Group

(12) Pre-EDDS Rate

(13) Mode

(14) Shipping Date

The dataset containing the shipments with matched TCNs became the basis for all depot-to-EDDS site calculations. Using SAS (a statistical analysis software package), the TCNs were aggregated by depot. The total number of shipments, the total weight, and the total cost were computed for each depot and overall.

2. Calculation of Cost From Los Angeles EDDS site to Los Angeles Region Customers.

In this step, the cost of delivering the shipments received by the EDDS site to the regional customers was calculated. The data processing began by using the TCN field of the matched 45-day MRO dataset to match on the TCN field of the EDDS site file, and to write those matching EDDS file records to a separate dataset. All additional data processing operates on this dataset.

The destination three digit SPLC of the shipment, which identifies the delivery area, was matched with the SPLC in the Activity Address Code file and the 3-digit zip code for the customer was attached to the record. Each shipment had the 3-digit zip code for the Los Angeles site as its origin zip code. By matching the 6-digit origin-destination zip code pairs with the 6-digit zip code pairs in the DLA Operations Research and Economic Analysis Management Support Office Parcel Post Zone and Rate file, mileage between the Los Angeles EDDS site and the individual customer was attached to the shipment record. Rating the shipment became a straight-forward matter of applying the Guaranteed Traffic Program (GTP) rates originally negotiated for the Los Angeles site. Statistical Analysis System (SAS) techniques were employed to aggregate the TCNs by outbound Government Bill of Lading (GBL) number and to apply the GTP rates according to weight of the shipment and the distance travelled.

3. Calculation of Cost of EDDS program.

The total cost of the EDDS program for the Los Angeles site is computed the sum of the cost of the shipments from the individual depots to the Los geles site (paragraph III.A.1) plus the cost of delivery of those same shipments from the Los Angeles site to the customers in that EDDS region (paragraph III.A.2).

B. Obtaining the Cost of Pre-EDDS Equivalent Shipments.

Finally, pre-EDDS rates based upon an inflation factor, destination zone (in 200 mile increments) and weight group were added to the above data base. These rates were obtained from 1988 FINS data.

IV. RESULTS. Using the methodology described above, Tables 2 through 4 and Figures 1 through 8 detail the costs that were ascertained.

Table 2 details EDDS and Pre-EDDS rates and costs by month. Table 3 indicates that the EDDS program has lost in excess of $200,000 for the first 6 months of 1989. Table 4 shows EDDS and Pre-EDDS rates and costs by origin depot. Figures 1 and 2 graphically represent costs and weight shipped found in Tables 1 and 4. Figures 3 through 8 graphically depict weight shipped and corresponding costs at each of the 6 depots by month.

TABLE 2

Pre-EDDS vs. EDDS COST COMPARISON BY MONTH

Month-Year	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
December 88	315,182	$12.779	$40,278	$15.862	$49,996
January 89	1,557,480	$12.107	$188,571	$16.274	$253,461
February 89	1,368,656	$12.247	$167,625	$15.042	$205,873
March 89	1,579,916	$11.818	$186,713	$15.1[illegible]	$240,018
April 89	1,127,362	$11.570	$130,434	$13.333	$150,309
May 89	578,380	$12.706	$73,491	$14.300	$82,710
June 89	911,613	$11.322	$103,214	$12.622	$115,062
Totals	7,438,589	$11.969	$890,326	$14.753	$1,097,428

TABLE 3

COST COMPARISON CALCULATION

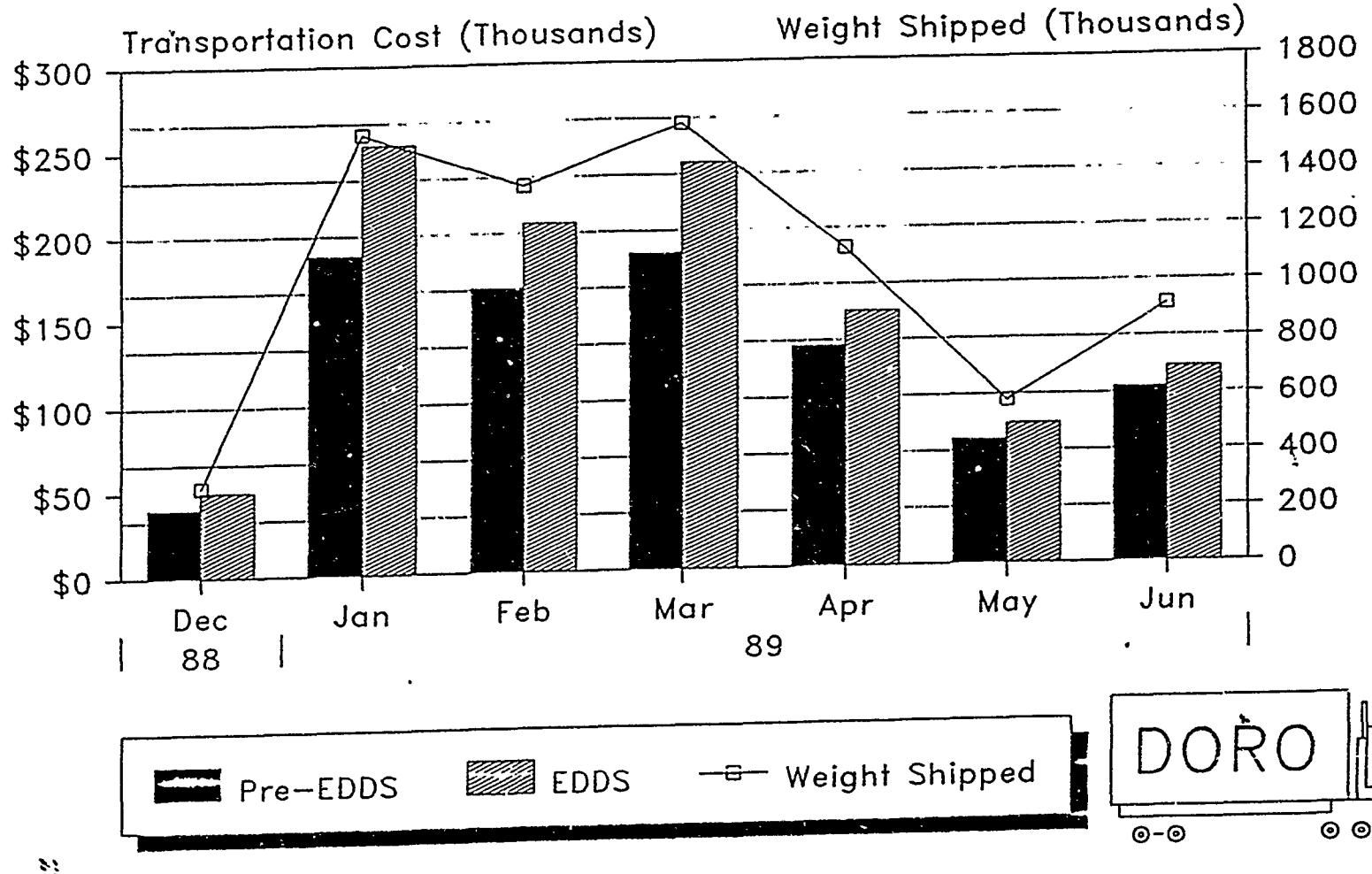
TOTAL Pre-EDDS Cost	TOTAL EDDS Cost	First Half Loss
$890,326	$1,097,428	$207,102

TABLE 4

Pre-EDDS vs. EDDS COST COMPARISON BY DEPOT

Origin Depot	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
DDMP	439,651	$18.415	$80,960	$21.059	$92,586
DDTC	4,197,113	$11.478	$481,754	$13.726	$576,093
DDCO	139,936	$18.045	$25,251	$17.993	$25,179
DDMT	590,714	$16.153	$95,420	$19.431	$114,779
DDRV	271,234	$20.690	$56,117	$24.367	$66,091
DDOU	1,799,941	$8.379	$150,823	$12.373	$222,699
Totals	7,438,589	$11.969	$890,326	$14.753	$1,097,428

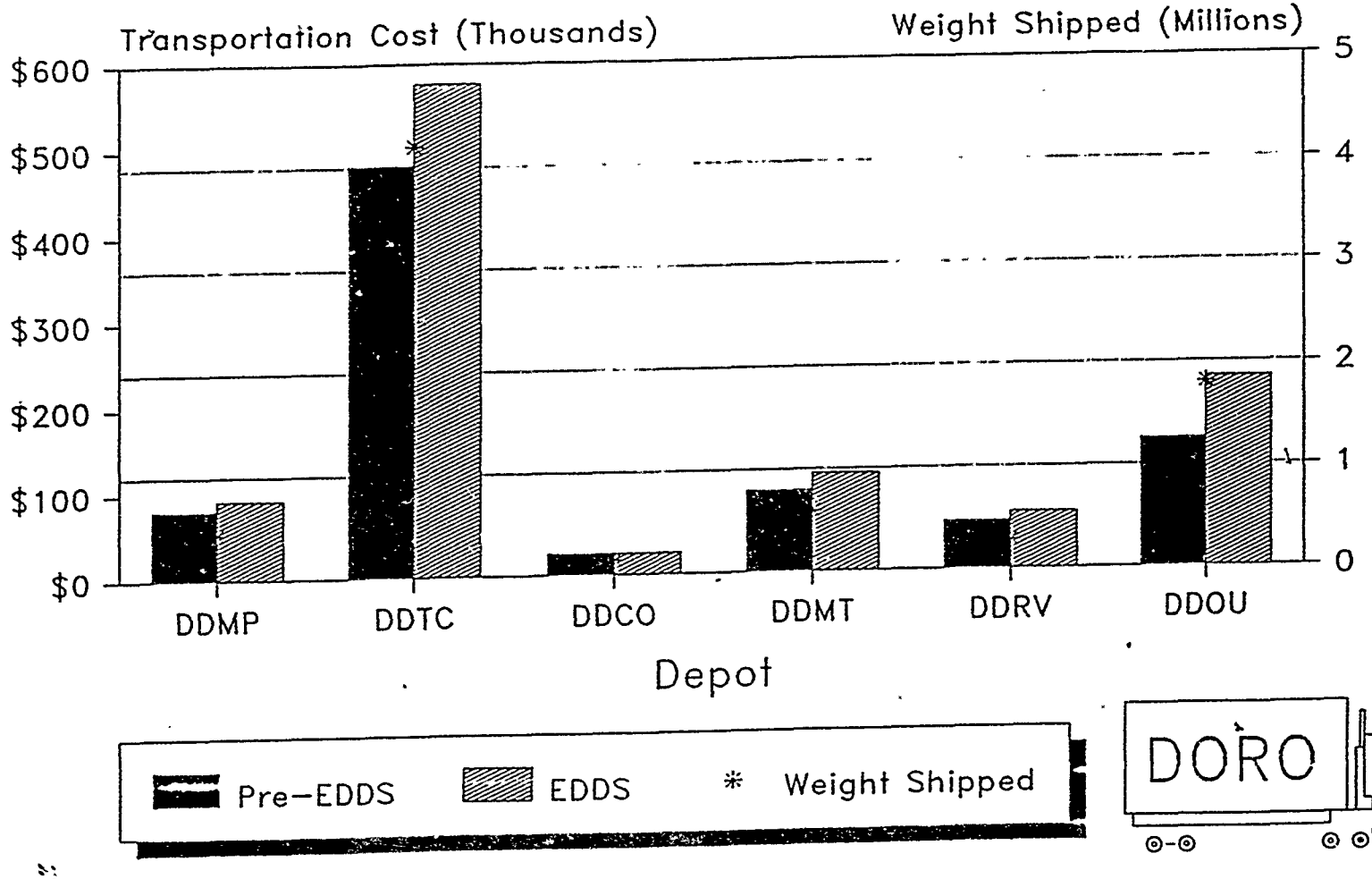
Pre-EDDS vs. EDDS Costs All Depots
Los Angeles EDDS Site



1st Half 1989

Figure 1

Pre-EDDS vs. EDDS Costs by Depot
Los Angeles EDDS Site



1st Half 1989

Figure 2

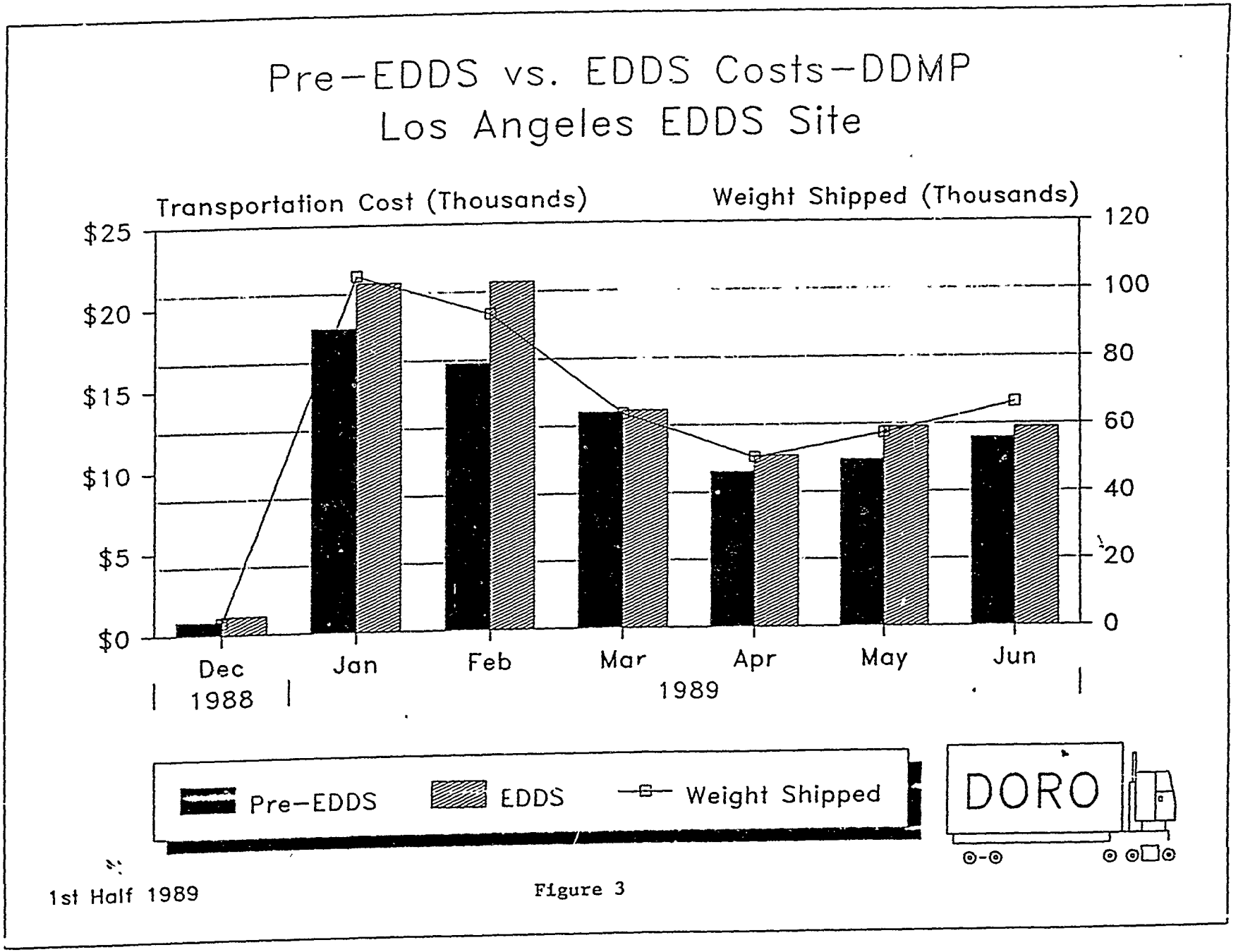

Pre-EDDS vs. EDDS Costs-DDMP
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$25
$20
$15
$10
$5
$0
120
100
80
60
40
20
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 3

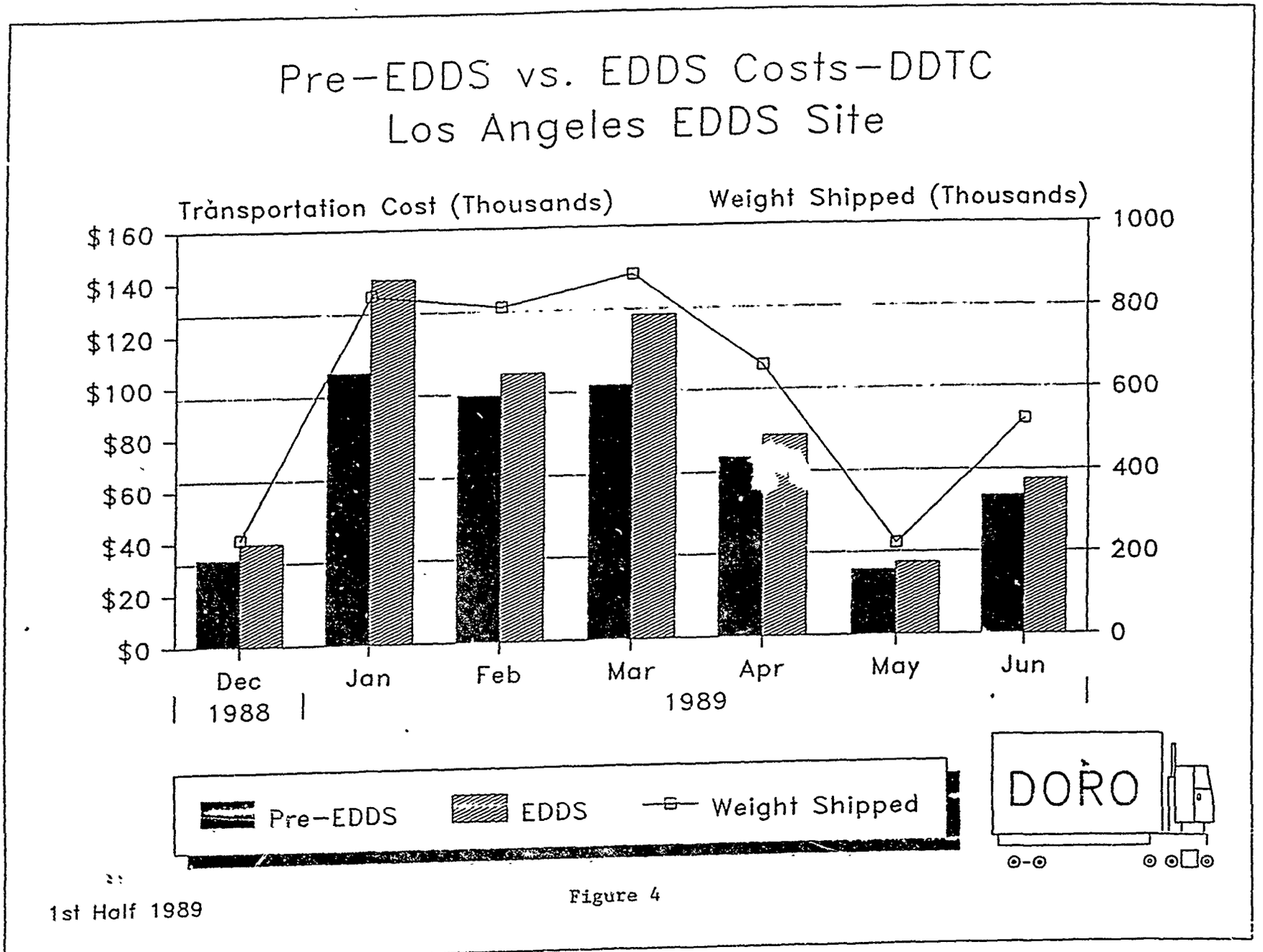

Pre-EDDS vs. EDDS Costs-DDTC
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$160
$140
$120
$100
$80
$60
$40
$20
$0
1000
800
600
400
200
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 4

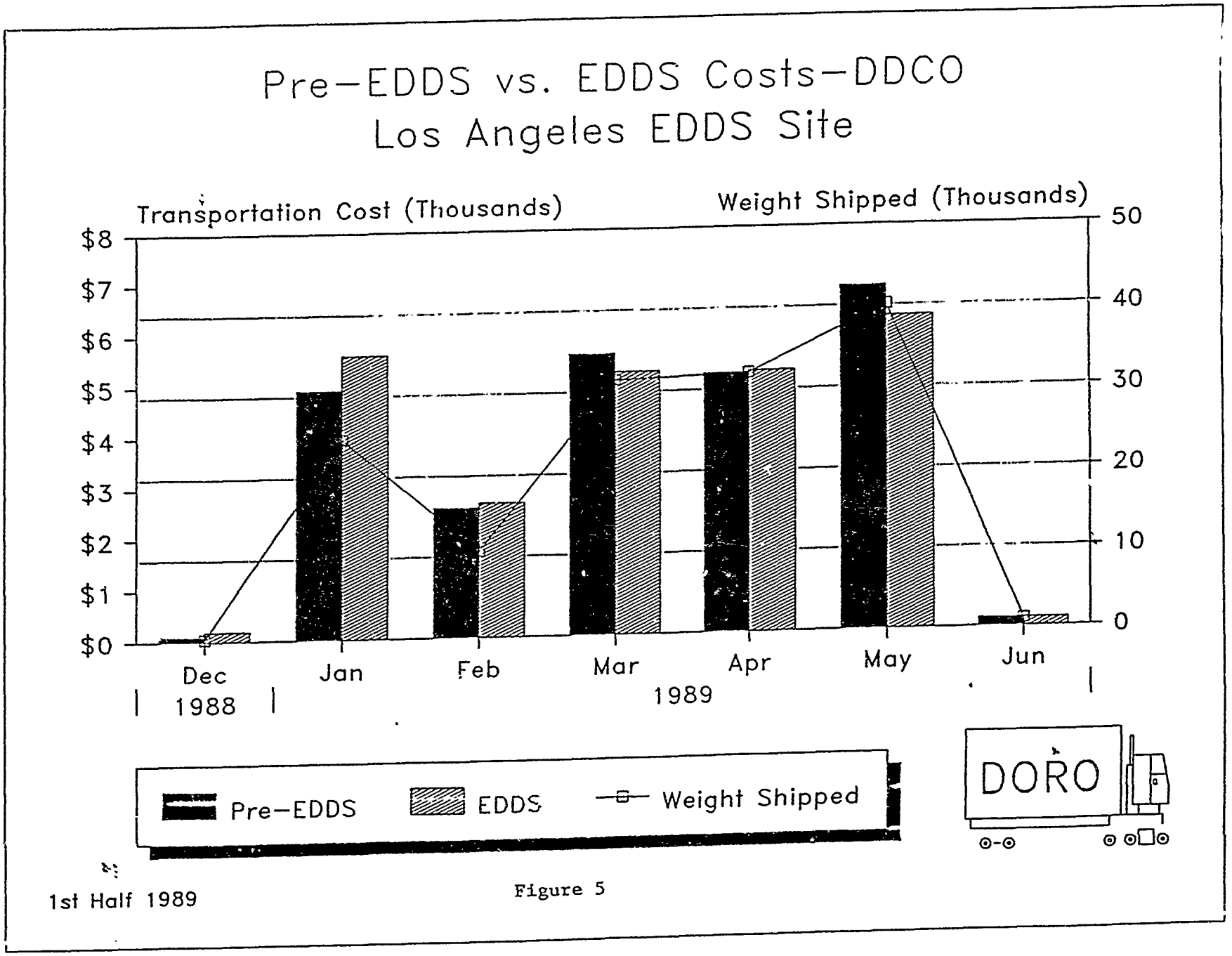

Pre-EDDS vs. EDDS Costs-DDCO
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$8
$7
$6
$5
$4
$3
$2
$1
$0
50
40
30
20
10
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 5

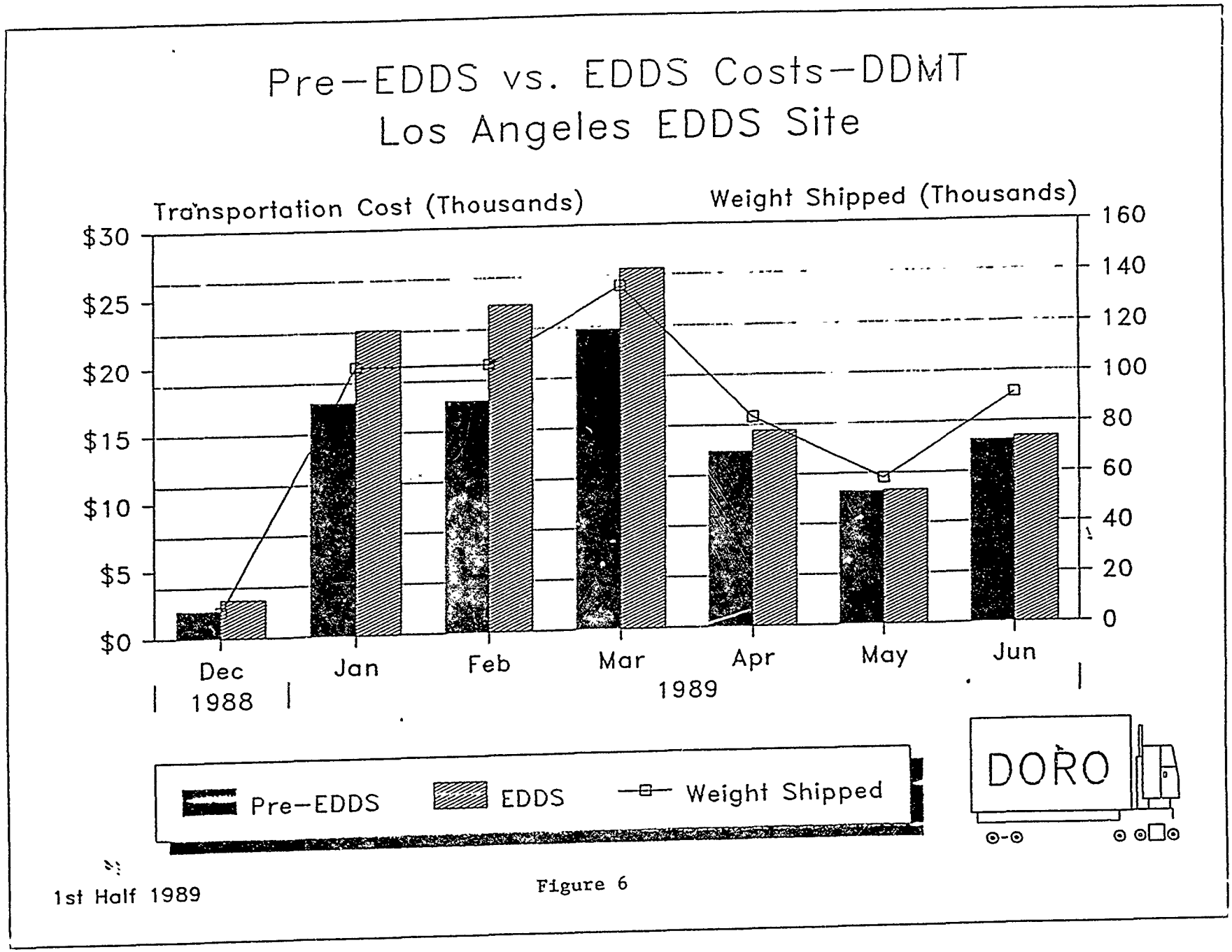

Pre-EDDS vs. EDDS Costs-DDMT
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$30
$25
$20
$15
$10
$5
$0
160
140
120
100
80
60
40
20
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 6

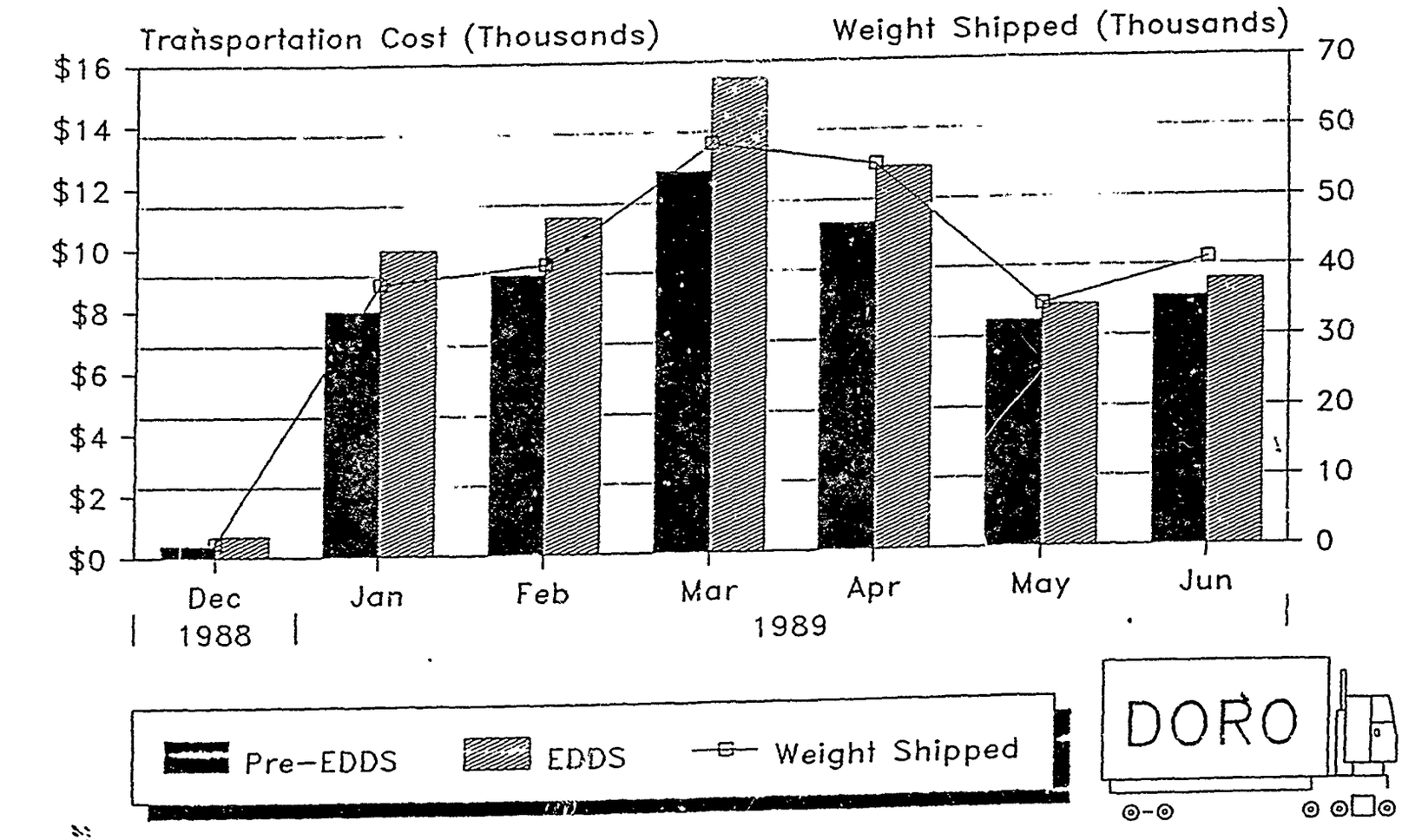

Pre-EDDS vs. EDDS Costs-DDRV
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$16
$14
$12
$10
$8
$6
$4
$2
$0
70
60
50
40
30
20
10
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 7

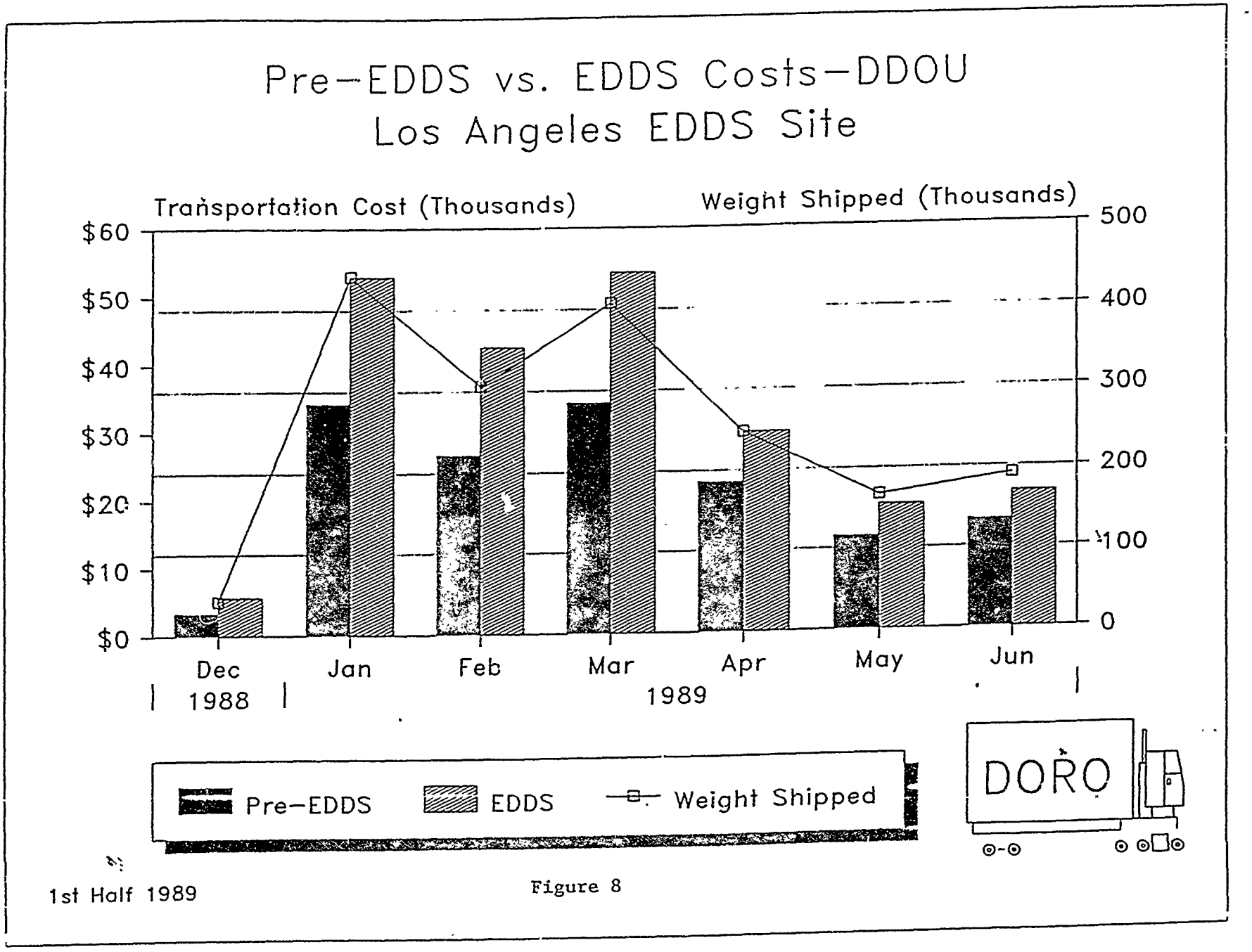

Pre-EDDS vs. EDDS Costs-DDOU
Los Angeles EDDS Site
Transportation Cost (Thousands)
Weight Shipped (Thousands)
$60
$50
$40
$30
$20
$10
$0
500
400
300
200
100
0
Dec
1988
Jan
Feb
Mar
Apr
May
Jun
1989
Pre-EDDS
EDDS
Weight Shipped
DORO
1st Half 1989

Figure 8

V. SENSITIVITY. A number of options were explored to make EDDS a more viable program.

A. Omitting Specific Shipments. We attempted to determine if omitting specific shipments had any impact on the magnitude of the loss. As shown in Tables 5 through 8, respectively, sensitivity analyses were performed eliminating shipments to Arizona and omitting small shipments of under 65 pounds, under 100 pounds and under 200 pounds. The impact of these factors was minimal.

TABLE 5

Pre-EDDS vs. EDDS COST COMPARISON BY DEPOT
(OMITTING SHIPMENTS TO ARIZONA)

Origin Depot	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
DDMP	370,888	$17.761	$65,872	$19.901	$73,812
DDTC	3,306,210	$11.345	$375,075	$12.838	$424,454
DDCO	132,078	$16.981	$22,428	$16.947	$22,383
DDMT	498,039	$15.719	$78,286	$18.081	$90,049
DDRV	247,571	$20.343	$50,364	$23.605	$58,439
DDOU	1,368,237	$8.451	$115,628	$11.547	$157,986
Totals	5,923,023	$11.947	$707,653	$13.965	$827,123

TABLE 6

Pre-EDDS vs. EDDS COST COMPARISON BY DEPOT
(OMITTING SHIPMENTS 65 POUNDS AND UNDER)

Origin Depot	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
DDMP	432,634	$16.700	$72,250	$19.904	$86,109
DDTC	4,166,457	$10.820	$450,824	$12.756	$531,492
DDCO	137,579	$15.929	$21,915	$16.992	$23,377
DDMT	580,009	$14.647	$84,956	$18.196	$105,541
DDRV	264,055	$17.173	$45,346	$22.539	$59,514
DDOU	1,780,432	$7.477	$133,121	$11.165	$198,792
Totals	7,361,166	$10.982	$808,412	$13.650	$1,004,826

TABLE 7

Pre-EDDS vs. EDDS COST COMPARISON BY DEPOT
(OMITTING SHIPMENTS 100 POUNDS AND UNDER)

Origin Depot	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
DDMP	423,579	$15.980	$67,688	$19.366	$82,028
DDTC	4,134,257	$10.630	$439,468	$12.466	$515,356
DDCO	134,043	$14.943	$20,030	$16.447	$22,046
DDMT	571,197	$14.206	$81,146	$17.756	$101,423
DDRV	258,668	$16.287	$42,128	$22.018	$56,952
DDOU	1,764,239	$7.266	$128,196	$10.876	$191,884
Totals	7,285,983	$10.687	$778,656	$13.309	$969,689

TABLE 8

Pre-EDDS vs. EDDS COST COMPARISON BY DEPOT
(OMITTING SHIPMENTS 200 POUNDS AND UNDER)

Origin Depot	Weight Shipped	Pre-EDDS Cost/cwt	Pre-EDDS Direct Cost	EDDS Cost/cwt	EDDS Cost Total
DDMP	401,883	$15.059	$60,518	$18.608	$74,784
DDTC	4,037,558	$10.354	$418,044	$11.997	$484,388
DDCO	125,946	$13.909	$17,518	$15.608	$19,657
DDMT	543,969	$13.627	$74,126	$17.087	$92,946
DDRV	244,232	$15.089	$36,852	$21.210	$51,802
DDOU	1,720,626	$7.002	$120,476	$10.480	$180,317
Totals	7,074,214	$10.284	$727,533	$12.777	$903,894

B. Increasing Consolidation.

The average shipment size at the Los Angeles EDDS site was found to be 754 pounds. As shown in Figure 9, at the transportation rate structure that was in effect prior to 1 October 1989, the EDDS program does not break even until shipments are consolidated up to 4700 pounds.

This increase in consolidation is the backbone of the EDDS initiative. The cost savings based upon shipment consolidation is the difference in the cost of shipping a large number of small high cost long-haul LTL shipments versus transporting these same shipments in truckload lots at a reduced cost to the EDDS site and pooling them with other depots' shipments for final delivery to the customer in larger short-haul LTL lots.

However, an increase in hold time at the terminal may possibly jeopardize UMMIPS time standards for delivery. A separate study[3] details EDDS impact on Order Ship Time standards.

C. Decreasing Rates.

The present negotiated average rate from Defense Depot Tracy, California (DDTC) into the Los Angeles EDDS Site is $2.925 per hundredweight (cwt). The current vendor GTP rate from DDTC is $1.016 per cwt. The original study (DLA-LO Report No. 88-19) theorized $1.046. Since DDTC is the Los Angeles EDDS Site biggest inbound shipper, we will hypothesize, for purpose of this analysis, DDTC's inbound rate being lowered to $1.04 in conjunction with a lowering in outbound rates of 16%. A figure of 16% was used to lower the outbound rates enough to achieve break-even.

3. Kleinhenz, M., Order-Ship-Time Analysis of Pre-EDDS vs. EDDS Performance, DLA-LO Report No. DLA-90-P90116, October 1989.

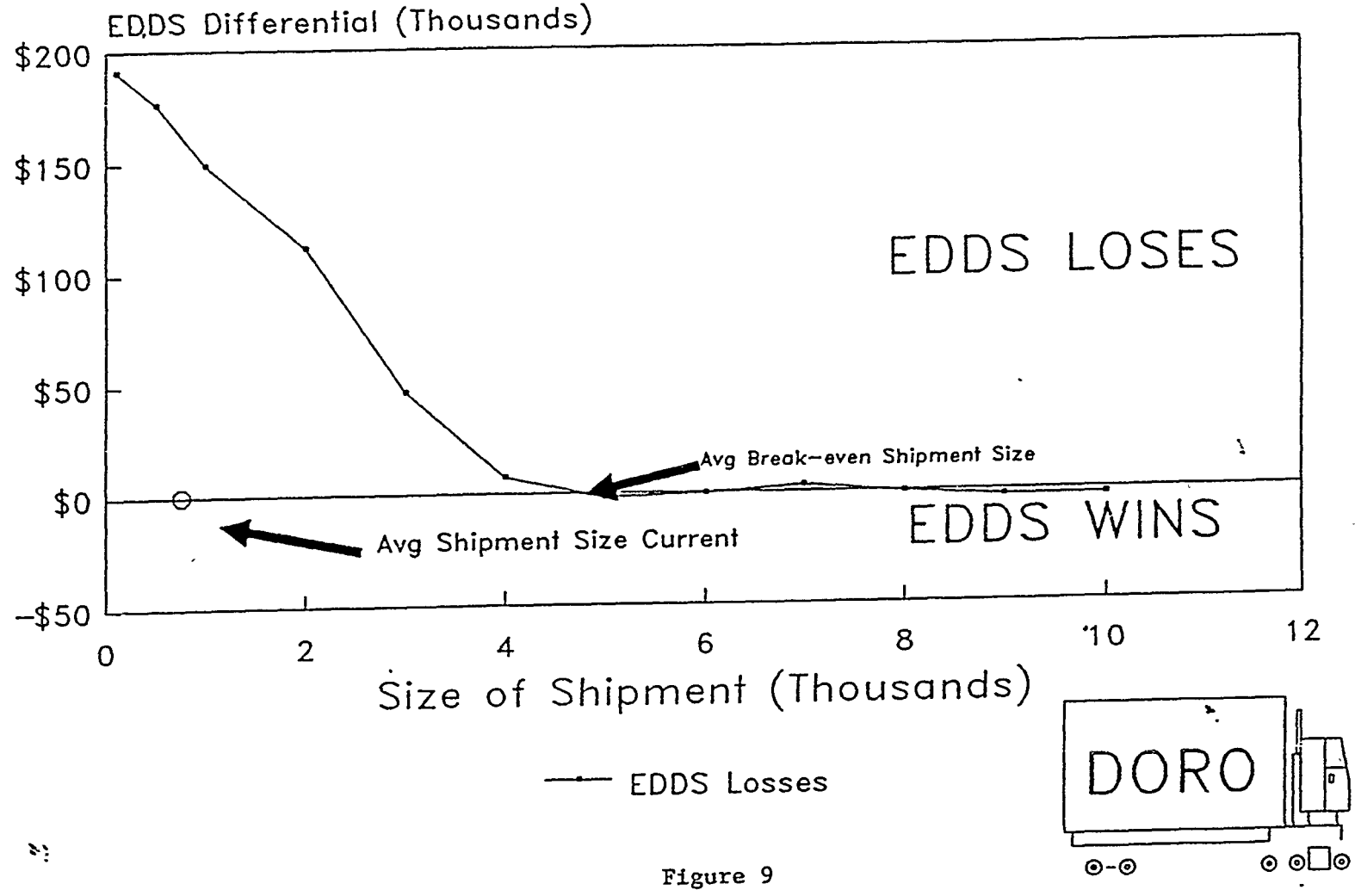

EDDS Losses by Omitting Size of Shipment
December 1988–June 1989
EDDS Differential (Thousands)
$200
$150
$100
$50
$0
–$50
EDDS LOSES
Avg Break–even Shipment Size
Avg Shipment Size Current
EDDS WINS
0
2
4
6
8
10
12
Size of Shipment (Thousands)
EDDS Losses
DORO

Figure 9

Tables 9 - 13 detail the results of this analysis. Table 9 is current EDDS figures. Table 10 contains figures theorized by the original EDDS study. Table 11 contains figures as adjusted by DDTC Inbound Rate and a 16% decrease across the board in outbound rates. Table 12 is a summary of Pre-EDDS equivalent data. Table 13 contains the renegotiated rates effective 1 October 1989 for inbound and outbound shipments. The difference between Table 9 and Table 12 is the amount of money that EDDS is currently losing. Table 12 contains breakeven inbound and outbound rates. Again, this assumes the current shipment consolidation level of 754 pounds.

TABLE 9

PRESENT COMBINED THRUPUT EDDS DELIVERY COST FY 89 (2nd and 3rd Qtrs)

	DDMP	DDTC	DDCO	DDMT	DDRV	DDOU	ALL DEPOTS
Total Wgt	439,651	4,197,113	139,936	590,714	271,234	1,799,941	7,438,589
Inbound Rate (AVG)	9.935	2.923	7.716	8.088	13.222	1.541	3.879
Inbound Cost	$43,679	$122,682	$10,797	$47,777	$35,863	$27,737	$288,535
Outbound Rate (AVG)	11.124	10.803	10.277	11.342	11.144	10.832	10.874
Outbound Cost	$48,907	$453,414	$14,381	$66,999	$30,226	$194,970	$808,897
TOTAL THRU COST	$92,586	$576,096	$25,179	$114,776	$66,089	$222,707	$1,097,428

TABLE 10

COMBINED THRUPUT EDDS DELIVERY COST ESTIMATE FY 87 STUDY

	DDMP	DDTC	DDCO	DDMT	DDRV	DDOU	ALL DEPOTS
Total Wgt	439,651	4,197,113	139,936	590,714	271,234	1,799,941	7,438,589
Inbound Rate	7.870	1.040	5.390	6.460	7.920	2.710	2.611
Inbound Cost	$34,601	$43,650	$7,543	$38,160	$21,482	$48,778	$194,213
Outbound Rate	5.140	5.140	5.140	5.140	5.140	5.140	5.140
Outbound Cost	$22,598	$215,732	$7,193	$30,363	$13,941	$92,517	$382,343
TOTAL THRU COST	$57,199	$259,382	$14,735	$68,523	$35,423	$141,295	$576,557

TABLE 11

ADJUSTED COMBINED THRUPUT EDDS DELIVERY COST ESTIMATE FY 89 (2nd and 3rd Qtr)

	DDMP	DDTC	DDCO	DDMT	DDRV	DDOU	ALL DEPOTS
Total Wgt	439,651	4,197,113	139,936	590,714	271,234	1,799,941	7,438,589
Inbound Rate	9.936	1.040	7.716	8.019	13.222	1.541	2.811
Inbound Cost	$43,684	$43,650	$10,797	$47,369	$35,863	$27,737	$209,100
Outbound Rate	9.344	9.075	8.633	9.527	9.361	9.099	9.134
Outbound Cost	$41,082	$380,868	$12,080	$56,279	$25,390	$163,774	$679,473
TOTAL THRU COST	$84,765	$424,518	$22,878	$103,648	$61,253	$191,512	$888,573

TABLE 12

Pre-EDDS SYSTEM DIRECT DELIVERY COST ESTIMATE FY 89 (2nd and 3rd Qtr)

	DDMP	DDTC	DDCO	DDMT	DDRV	DDOU	ALL DEPOTS
Total Wgt	439,651	4,197,113	139,936	590,714	271,234	1,799,941	7,438,589
(Average Rate-CWT)	18.415	11.478	18.045	17.694	20.690	8.379	11.969
Total Cost	$80,962	$481,745	$25,251	$104,521	$56,118	$150,817	$890,325

TABLE 13

LA EDDS SITE RENEGOTIATED RATES EFFECTIVE 1 OCTOBER 1989

	DDMP	DDTC	DDCO	DDMT	DDRV	DDOU	ALL DEPOTS
Total Wgt	439,651	4,197,113	139,936	590,714	271,234	1,799,941	7,438,589
Inbound Rate	10.550	1.640	7.650	8.390	13.100	1.460	3.190
Inbound Cost	$46,383	$68,833	$10,705	$49,561	$35,532	$26,279	$237,293
Outbound Rate	8.056	8.634	7.379	7.728	7.416	7.985	8.218
Outbound Cost	$35,418	$362,379	$10,326	$45,650	$20,115	$143,725	$617,613
TOTAL THRU COST	$81,801	$431,211	$21,031	$95,211	$55,646	$170,004	$854,906

If the theorized break-even rates had been used since conception, the EDDS program would have actually saved in excess of $1,750 at Los Angeles ($890,325 - $888,573). For practical purposes, this is considered a break-even.

If the rates used since 1 October 1989 had been used since conception, the EDDS program would have actually saved in excess of $35,000 at Los Angeles ($890,325 - $854,906).

APPENDIX A

Los Angeles EDDS Site Cost Model Output

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDMP	<200 MILES	1 - 100	228	11,314	$11.112	$50.583	$61.695	$6,980.14	$80.658	$9,125.66
		101 - 199	100	14,257	$10.980	$21.738	$32.728	$4,666.09	$32.151	$4,583.78
		200 - 499	115	36,987	$10.831	$12.801	$23.632	$8,740.80	$21.766	$8,050.72
		500 - 999	69	46,673	$10.795	$10.549	$21.344	$9,961.89	$17.981	$8,392.04
		1000- 1999	54	73,178	$9.943	$9.306	$19.249	$14,086.08	$14.681	$10,743.55
		2000- 2999	11	26,798	$9.655	$8.149	$17.804	$4,771.09	$12.293	$3,294.21
		3000- 4999	14	53,214	$9.291	$5.850	$15.141	$8,057.36	$12.227	$6,506.68
		5000- 9999	13	89,834	$9.037	$4.482	$13.519	$12,144.81	$11.326	$10,174.84
		10000-14999	1	10,282	$8.250	$3.960	$12.210	$1,255.43	$10.869	$1,117.57
	ZONE TOTALS/AVG:		605	362,537	9.831	9.660	19.491	$70,663.69	17.099	$61,989.05
	200-400 MILES	1 - 100	46	2,343	$15.904	$61.149	$77.053	$1,805.35	$80.405	$1,883.89
		101 - 199	21	2,856	$12.005	$23.267	$35.272	$1,007.38	$36.939	$1,054.98
		200 - 499	22	7,199	$10.938	$18.037	$28.975	$2,085.92	$23.626	$1,700.84
		500 - 999	15	11,152	$11.223	$12.885	$24.108	$2,688.52	$19.512	$2,175.98
		1000- 1999	4	5,701	$9.558	$12.689	$22.247	$1,268.30	$37.246	$2,123.39
		2000- 2999	1	2,878	$9.346	$11.360	$20.706	$595.91	$10.087	$290.30
		5000- 9999	1	6,125	$8.950	$6.540	$15.490	$948.76	$9.451	$578.87
	ZONE TOTALS/AVG:		110	38,254	10.761	16.426	27.187	$10,400.14	25.640	$9,808.25
	>400 MILES	1 - 100	53	2,415	$11.914	$61.476	$73.390	$1,772.38	$93.688	$2,262.56
		101 - 199	28	4,183	$10.668	$23.704	$34.372	$1,437.79	$33.008	$1,380.74
		200 - 499	25	8,252	$10.732	$20.305	$31.037	$2,561.15	$21.620	$1,784.12
		500 - 999	12	8,118	$10.313	$18.418	$28.731	$2,332.38	$21.223	$1,722.86
		1000- 1999	4	5,060	$10.271	$15.234	$25.505	$1,290 57	$15.729	$795.90
		2000- 2999	2	4,682	$8.610	$15.230	$23.840	$1,116.17	$11.248	$526.63
		5000- 9999	1	6,150	$8 792	$7.660	$16.452	$1,011.81	$11.217	$689.84
	ZONE TOTALS/AVG:		125	38,860	10.088	19.562	29.651	$11,522.25	23.579	$9,162.65
DEPOT TOTALS/AVG:			840	439,651	9.935	11.124	21.059	$92,586.08	18.415	$80,959.95

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/S GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDTC	<200 MILES	1 - 100	1,192	46,804	$3.619	$100.883	$104.502	$48,911.20	$72.989	$34,161.90
		101 - 199	449	65,620	$3.746	$28.610	$32.356	$21,232.28	$22.693	$14,890.94
		200 - 499	571	183,580	$5.126	$16.658	$21.785	$39,992.49	$17.152	$31,488.16
		500 - 999	493	344,389	$2.724	$11.562	$14.286	$49,199.16	$12.508	$43,077.63
		1000- 1999	329	463,331	$4.510	$10.944	$15.454	$71,604.54	$11.945	$55,346.58
		2000- 2999	172	416,060	$3.915	$9.585	$13.500	$56,169.16	$10.590	$44,06..90
		3000- 4999	143	539,786	$2.253	$6.686	$8.939	$48,253.96	$9.995	$53,952.08
		5000- 9999	118	797,632	$2.135	$5.006	$7.141	$56,958.23	$8.357	$66,661.67
		10000-14999	11	129,858	$2.025	$3.937	$5.962	$7,742.72	$6.775	$8,797.30
		15000-19999	7	116,831	$1.965	$3.469	$5.434	$6,348.74	$5.978	$6,983.60
		20000-29999	2	50,085	$2.332	$2.240	$4.573	$2,290.16	$5.578	$2,793.68
		30000-39999	1	34,773	$1.775	$1.679	$3.455	$1,201.32	$5.302	$1,843.72
	ZONE TOTALS/AVG:		3,489	3,188,749	3.012	9.843	12.855	$409,903.96	11.417	$364,059.16
	200-400 MILES	1 - 100	161	8,603	$3.978	$72.413	$76.391	$6,571.94	$51.303	$4,413.58
		101 - 199	89	12,599	$4.906	$28.553	$33.459	$4,215.48	$21.673	$2,730.58
		200 - 499	138	46,101	$2.555	$20.147	$22.702	$10,465.98	$15.241	$7,026.34
		500 - 999	91	63,754	$4.381	$16.656	$21.037	$13,411.89	$12.608	$8,038.75
		1000- 1999	70	98,809	$2.196	$14.128	$16.324	$16,129.85	$10.502	$10,377.25
		2000- 2999	35	83,569	$2.211	$11.819	$14.030	$11,724.81	$9.875	$8,252.24
		3000- 4999	20	82,866	$2.283	$7.645	$9.928	$8,226.91	$11.996	$9,940.86
		5000- 9999	13	90,334	$2.137	$6.275	$8.412	$7,599.23	$7.133	$6,443.71
		10000-14999	2	24,557	$1.892	$5.373	$7.265	$1,784.17	$5.641	$1,385.26
		20000-29999	1	20,836	$1.838	$3.370	$5.208	$1,085.19	$6.217	$1,295.40
	ZONE TOTALS/AVG:		620	532,028	2.560	12.705	15.265	$81,215.45	11.260	$59,903.97
	>400 MILES	1 - 100	134	7,449	$3.930	$66.604	$70.534	$5,254.08	$49.817	$3,710.85
		101 - 199	102	15,080	$2.380	$28.618	$30.998	$4,674.50	$22.022	$3,320.95

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDTC	>400 MILES	200 - 499	153	51,214	$3.275	$21.395	$24.670	$12,634.51	$21.608	$11,066.10
		500 - 999	113	78,041	$4.915	$18.792	$23.707	$18,501.37	$11.751	$9,170.57
		1000- 1999	70	97,881	$2.302	$16.488	$18.790	$18,391.61	$11.175	$10,938.01
		2000- 2999	24	57,884	$2.178	$13.464	$15.642	$9,054.36	$9.994	$5,785.15
		3000- 4999	16	58,324	$2.187	$9.876	$12.064	$7,036.01	$10.478	$6,111.27
		5000- 9999	11	76,624	$1.978	$7.073	$9.051	$6,935.47	$7.180	$5,501.82
		10000-14999	3	33,839	$1.634	$5.730	$7.364	$2,491.80	$6.461	$2,186.33
	ZONE TOTALS/AVG:		626	476,336	2.734	15.105	17.839	$84,973.71	12.132	$57,791.05
DEPOT TOTALS/AVG:			4,735	4,197,113	2.923	10.803	13.726	$576,093.12	11.478	$481,754.18
DDCO	<200 MILES	1 - 100	86	4,381	$7.612	$42.362	$49.974	$2,189.36	$86.443	$3,787.07
		101 - 199	44	6,523	$7.565	$21.214	$28.779	$1,877.26	$31.361	$2,045.69
		200 - 499	48	15,851	$7.647	$11.028	$18.675	$2,960.13	$21.399	$3,391.95
		500 - 999	21	14,820	$7.533	$9.993	$17.526	$2,597.30	$17.606	$2,609.15
		1000- 1999	24	34,778	$7.582	$8.660	$16.242	$5,648.49	$13.175	$4,581.91
		2000- 2999	6	13,374	$7.400	$8.284	$15.684	$2,097.58	$10.616	$1,419.76
		3000- 4999	3	9,950	$7.583	$5.135	$12.718	$1,265.42	$10.869	$1,081.47
		5000- 9999	4	31,378	$8.006	$3.826	$11.833	$3,712.84	$10.573	$3,317.75
	ZONE TOTALS/AVG:		236	131,056	7.667	9.385	17.053	$22,348.48	16.966	$22,234.75
	200-400 MILES	1 - 100	17	749	$7.594	$46.382	$53.976	$404.28	$93.814	$702.67
		101 - 199	4	469	$7.582	$32.746	$40.328	$189.14	$35.252	$165.33
		200 - 499	7	2,281	$9.169	$16.877	$26.046	$594.12	$19.151	$436.83
	ZONE TOTALS/AVG:		28	3,499	8.619	25.320	33.939	$1,187.54	37.292	$1,304.83
	>400 MILES	1 - 100	16	763	$12.351	$58.366	$70.717	$539.57	$95.883	$731.59
		101 - 199	7	1,105	$7.886	$21.284	$29.170	$322.33	$27.262	$301.24
		200 - 499	5	1,299	$7.640	$17.475	$25.115	$326.24	$24.835	$322.61
		500 - 999	1	986	$7.562	$8.913	$16.475	$162.44	$20.340	$200.55

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF D/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDCO	>400 MILES	1000- 1999	1	1,228	$7.510	$16.316	$23.826	$292.58	$12.691	$155.85
	ZONE TOTALS/AVG:		30	5,381	8.314	22.222	30.536	$1,643.16	31.313	$1,711.84
DEPOT TOTALS/AVG:			294	139,936	7.716	10.277	17.993	$25,179.18	18.045	$25,251.42
DDMT	<200 MILES	1 - 100	300	13,816	$9.452	$59.424	$68.875	$9,515.83	$72.790	$10,056.63
		101 - 199	118	16,554	$7.994	$21.354	$29.348	$4,858.31	$27.190	$4,500.95
		200 - 499	162	52,286	$8.379	$13.687	$22.066	$11,537.43	$18.556	$9,702.33
		500 - 999	90	63,413	$8.666	$10.251	$19.117	$12,122.43	$14.963	$9,488.55
		1000- 1999	68	95,909	$8.216	$9.672	$17.887	$17,155.71	$13.418	$12,869.20
		2000- 2999	24	59,182	$8.304	$7.528	$15.831	$9,369.34	$12.565	$7,436.08
		3000- 4999	20	73,004	$8.153	$5.793	$13.946	$10,181.19	$12.254	$8,945.75
		5000- 9999	10	63,816	$7.412	$4.730	$12.142	$7,748.44	$12.018	$7,669.16
		10000-14999	3	33,630	$6.515	$3.960	$10.475	$3,522.66	$11.582	$3,895.02
	ZONE TOTALS/AVG:		795	471,610	8.121	10.117	18.238	$86,011.34	15.810	$74,563.67
	200-400 MILES	1 - 100	59	2,807	$8.449	$54.706	$63.155	$1,772.76	$77.468	$2,174.52
		101 - 199	33	4,976	$8.702	$23.370	$32.072	$1,595.92	$24.972	$1,242.59
		200 - 499	31	10,308	$8.698	$18.857	$27.555	$2,840.34	$18.489	$1,905.84
		500 - 999	9	6,159	$7.882	$15.787	$23.669	$1,457.80	$14.922	$919.02
		1000- 1999	10	14,189	$7.572	$12.232	$19.803	$2,809.91	$13.017	$1,846.98
		2000- 2999	3	6,922	$8.132	$13.028	$21.160	$1,464.63	$11.976	$828.98
		5000- 9999	1	6,086	$7.227	$6.427	$13.654	$830.86	$11.295	$687.43
		10000-14999	1	10,839	$6.433	$4.970	$11.403	$1,236.02	$11.050	$1,197.71
	ZONE TOTALS/AVG:		147	62,286	7.749	14.741	22.490	$14,008.39	17.344	$10,803.07
	>400 MILES	1 - 100	62	2,894	$8.579	$62.891	$71.470	$2,068.35	$70.594	$2,042.99
		101 - 199	29	4,098	$10.202	$27.292	$37.494	$1,536.50	$24.927	$1,021.49
		200 - 499	34	9,991	$7.938	$20.103	$28.041	$2,801.59	$17.470	$1,745.46
		500 - 999	9	6,499	$8.613	$18.598	$27.212	$1,768.49	$13.566	$881.65

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDMT	>400 MILES	1000- 1999	11	15,431	$8.083	$14.794	$22.877	$3,530.08	$13.410	$2,069.25
		2000- 2999	2	4,788	$8.112	$11.539	$19.651	$940.87	$12.363	$591.94
		3000- 4999	2	7,535	$7.616	$9.133	$16.749	$1,262.05	$13.423	$1,011.39
		5000- 9999	1	5,582	$7.600	$7.660	$15.260	$851.79	$12.352	$689.47
	ZONE TOTALS/AVG:		150	56,818	8.189	17.788	25.977	$14,759.72	17.694	$10,053.64
DEPOT TOTALS/AVG:			1,092	590,714	8.088	11.342	19.431	$114,779.45	16.153	$95,420.38
DDRV	<200 MILES	1 - 100	259	10,709	$15.537	$57.558	$73.094	$7,827.65	$112.259	$12,021.86
		101 - 199	80	11,535	$14.565	$20.650	$35.215	$4,062.03	$38.322	$4,420.40
		200 - 499	76	25,165	$14.252	$12.670	$26.922	$6,775.03	$24.116	$6,068.67
		500 - 999	24	16,606	$13.710	$10.539	$24.249	$4,026.85	$18.702	$3,105.58
		1000- 1999	38	56,155	$13.226	$9.054	$22.281	$12,511.62	$14.577	$8,185.95
		2000- 2999	13	32,446	$13.023	$7.279	$20.302	$6,587.16	$14.116	$4,579.96
		3000- 4999	7	26,523	$13.588	$5.863	$19.451	$5,158.98	$13.406	$3,555.71
		5000- 9999	8	54,107	$12.051	$4.688	$16.739	$9,056.72	$12.330	$6,671.25
		10000-14999	1	11,099	$11.078	$3.960	$15.038	$1,669.08	$11.868	$1,317.26
	ZONE TOTALS/AVG:		506	244,345	13.184	10.420	23.604	$57,675.12	20.433	$49,926.64
	200-400 MILES	1 - 100	26	1,123	$14.673	$55.205	$69.878	$784.73	$97.893	$1,099.34
		101 - 199	13	2,019	$13.653	$21.848	$35.501	$716.76	$28.210	$569.55
		200 - 499	9	2,784	$15.642	$18.208	$33.849	$942.37	$20.577	$572 85
		500 - 999	4	2,227	$14.087	$15.859	$29.947	$666.91	$17.060	$379.93
		1000- 1999	2	2,658	$12.078	$15.370	$27.448	$729.57	$13.978	$371.54
		2000- 2999	1	2,700	$13.920	$11.863	$25.783	$696.13	$12.258	$330.97
		3000- 4999	1	4,780	$12.150	$6.540	$18.690	$893.38	$12.258	$585.93
	ZONE TOTALS/AVG:		56	18,291	13.489	16.197	29.686	$5,429.85	21.377	$3,910.11
	>400 MILES	1 - 100	21	734	$20.493	$51.202	$71.695	$526.24	$118.196	$867.56
		101 - 199	5	682	$15.282	$28.425	$43.707	$298.08	$36.345	$247.87

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDRV	>400 MILES	200 - 499	7	2,217	$12.840	$21.214	$34.054	$754.97	$23.172	$513.72
		500 - 999	2	1,292	$12.933	$13.018	$25.949	$335 26	$14.960	$193.28
		1000- 1999	3	3,673	$12.970	$16.201	$29.172	$1,071.47	$12.470	$458.02
	ZONE TOTALS/AVG:		38	8,598	13.757	20.973	34.729	$2,986.02	26.523	$2,280.45
DEPOT TOTALS/AVG:			600	271,234	13.222	11.144	24.367	$66,090.99	20.690	$56,117.20
DDOU	<200 MILES	1 - 100	662	26,364	$1.561	$81.846	$83.408	$21,989.64	$62.179	$16,392.90
		101 - 199	225	32,541	$1.538	$24.265	$25.803	$8,396.41	$18.148	$5,905.54
		200 - 499	252	81,860	$1.538	$14.609	$16.147	$13,217.57	$12.007	$9,828.80
		500 - 999	179	126,012	$1.561	$11.010	$12.571	$15,840.91	$9.173	$11.559.49
		1000- 1999	156	225,911	$1.553	$10.273	$11.826	$26,715.69	$7.410	$16,740.37
		2000- 2999	83	204,656	$1.534	$9.083	$10.618	$21,729.97	$6.413	$13,124.10
		3000- 4999	70	270,094	$1.492	$6.263	$7.754	$20.944.29	$6.298	$17,010.69
		5000- 9999	29	190,145	$1.510	$4.761	$6.271	$11,923.78	$6.076	$11,553.22
		10000-14999	3	31,829	$1.554	$3.720	$5.275	$1,678.92	$6.132	$1,951.85
		15000-19999	3	51,951	$1.550	$3.072	$4.622	$2,401.41	$5.350	$2,779.60
	ZONE TOTALS/AVG:		1,662	1,241,363	1.529	10.138	11.668	$144,838.59	8.607	$106,846.56
	200-400 MILES	1 - 100	133	4,841	$1.563	$97.250	$98.813	$4,783.52	$69.288	$3,354.22
		101 - 199	23	3,194	$1.550	$28.398	$29.948	$956.55	$18.075	$577.30
		200 - 499	54	17,626	$1.569	$19.714	$21 283	$3,751.32	$11.472	$2,021.97
		500 - 999	46	31,210	$1.553	$15.903	$17.456	$5,447.95	$8.329	$2,599.55
		1000- 1999	41	61,890	$1.570	$13.380	$14.950	$9,252.46	$6.983	$4,321.82
		2000- 2999	13	31,525	$1.552	$11.908	$13.459	$4,243.03	$6.026	$1,899.75
		3000- 4999	19	78,148	$1.571	$7.627	$9.197	$7,187.57	$6.277	$4,905.12
		5000- 9999	17	110,647	$1.559	$6.301	$7.860	$8,696 98	$5.417	$5,993.80
		10000-14999	2	24,557	$1.650	$4.368	$6.018	$1,477.92	$5.057	$1,241.89
	ZONE TOTALS/AVG:		348	363,638	1.569	11.025	12.594	$45,787.30	7.402	$26,915.42

EDDS LA SITE TRANSPORTATION COST MODEL

SHIP FROM DEPOT	SHIP TO ZONE	OUTBOUND WEIGHT GROUP	# OF O/B GBLS	EDDS SECOND LEG TOTAL WEIGHT	EDDS FIRST LEG COST PER 100#	EDDS SECOND LEG COST PER 100#	EDDS TOTAL COST PER 100#	EDDS TOTAL COST	PRE-EDDS COST PER 100#	PRE-EDDS TOTAL COST
DDOU	>400 MILES	1 - 100	117	4,497	$1.573	$88.293	$89.866	$4,041.28	$64.044	$2,880.05
		101 - 199	42	6,078	$1.579	$28.411	$29.990	$1,822.79	$17.231	$1,047.29
		200 - 499	53	18,491	$1.564	$20.719	$22.282	$4,120.21	$11.071	$2,047.15
		500 - 999	22	14,933	$1.609	$18.428	$20.037	$2,992.15	$8.625	$1,287.95
		1000- 1999	32	46,118	$1.553	$16.349	$17.902	$8,256.03	$7.152	$3,298.41
		2000- 2999	8	19,622	$1.550	$11.156	$12.707	$2,493.30	$6.241	$1,224.70
		3000- 4999	17	65,928	$1.553	$8.901	$10.455	$6,892.58	$6.279	$4,139.90
		5000- 9999	1	9,196	$1.550	$6.180	$7.730	$710.85	$5.932	$545.55
		10000-14999	1	10,077	$1.552	$5.730	$7.282	$733.79	$5.852	$589.71
	ZONE TOTALS/AVG:		293	194,940	1.559	14.888	16.448	$32,062.98	8.752	$17,060.71
DEPOT TOTALS/AVG:			2,303	1,799,941	1.541	10.832	12.373	$222,698.87	8.378	$150,822.69
TOTAL			9,864	7,438,589	3.879	10.874	14.753	$1,097,427.69	11.969	$890,325.82

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13. ABSTRACT *(Maximum 200 words)*

This report documents the preliminary results of a transportation cost analysis of the Enhanced Defense Logistics Agency (DLA) Distribution System (EDDS). The study compares actual costs incurred for outbound shipments though the Los Angeles EDDS site against the costs of those same shipments had EDDS not been implemented. The study did not consider inbound shipments in that vendor consolidation data does not currently exist to consider such shipments. The analysis examined costs for only the first 6 months (December 1988 to June 1989) of operation at the Los Angeles EDDS site. Based upon the available data of the first 6 months of operation, EDDS has incurred a loss of over $200,000 thus far at the Los Angeles site. However, the study shows that had new, renegotiated shipment rates (as of 1 October 1989) been used, the Los Angeles site would have saved in excess of $35,000, and, further, that increases in shipment consolidation show a potential for real dollar savings.

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